

PUBLIC DISCLOSURE

April 30, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens Savings Bank and Trust Company
Certificate Number: 10319**

**2013 Jefferson Street
Nashville, Tennessee 37208**

**Federal Deposit Insurance Corporation
Division of Supervision and Consumer Protection
Dallas Region – Memphis Area Office
5100 Poplar Avenue, Suite 1900
Memphis, Tennessee 38137**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	1
III.	Scope of Evaluation	2
IV.	Description of Institution	3
V.	Description of Assessment Areas	5
VI.	Conclusions.....	9
VII.	Fair Lending and Other Illegal Credit Practices	13
VIII.	Appendix A – General Definitions	14

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Citizens Savings Bank and Trust Company, Nashville, Tennessee** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **April 30, 2009**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

Citizens Savings Bank and Trust Company (CSB) has demonstrated a satisfactory record of helping to meet the credit needs of its assessment areas in a manner consistent with its resources and capabilities. CSB was evaluated under the CRA Small Bank Examination procedures.

Conclusions for the applicable performance factors are summarized below. A detailed discussion of each factor is provided elsewhere in this Performance Evaluation.

- The distribution of loans reflects, given the demographics of the assessment areas, and performance context reasonable distribution among businesses of different sizes.
- The geographic distribution of small business lending reflects excellent dispersion throughout the bank's assessment areas particularly low- or moderate-income geographies.
- The bank exhibited an adequate record of granting loans inside its assessment areas. A majority of the number (58.6 percent) and a slight majority by dollar volume (50.8 percent) of small business loans reviewed were originated within the assessment areas. The concentration of credit within the assessment areas reflects adequate performance.
- The level of lending as depicted by the average net loan-to-deposit ratio of 88 percent reflects reasonable responsiveness to credit needs of the assessment areas, given the institution's size, financial condition, competition, and assessment areas' credit needs. The level of lending relative to the percentage of loans within the assessment areas depicts satisfactory performance.

SCOPE OF EXAMINATION

For this five-office bank located in middle Tennessee, examiners evaluated the bank's CRA performance within the framework of the small bank performance factors, which include: net loan-to-deposit ratio, lending inside the assessment areas, lending to businesses of different sizes, geographic distribution of loans, and response to CRA-related complaints. The bank has received no CRA-related complaints since the previous evaluation; therefore, this factor was not considered in the overall rating.

CSB's primary lending focus is small business loans, with this loan category representing 82 percent of the dollar volume of outstanding loans as of December 31, 2008. As a result, an evaluation of the bank's lending performance was based upon an analysis of this loan type. Residential real estate loans and small farm loans were not reviewed during this evaluation as this type of loan product is not a strategic focus for the bank. Residential real estate loans represent only six percent of the dollar volume of loans outstanding as of December 31, 2008. The bank is subject to the Home Mortgage Disclosure Act (HMDA) data collection and reporting requirements. However, only two originations were reported in 2007 and only one loan in 2008; therefore, no analysis of HMDA loans could be performed due to the nominal number of loans. No small farm loans were originated during the time frame of review and none were reported on the bank's latest financial statement. Consequently, conclusions for this evaluation were based on an analysis of small business loans for the applicable performance factors.

For this evaluation, examiners analyzed the universe of small business loans which were originated between May 1, 2008 and April 30, 2009. The universe was expanded from the original six month time frame to have enough loans to conduct the analysis. The universe consisted of 29 small business loan originations and totaled approximately \$8.5 million. All of these loans were reviewed to determine the bank's record of lending inside the assessment areas, lending to businesses of different sizes, and the geographic distribution of loans.

In addition, the institution's performance under the regulatory criteria was evaluated using performance context information about the institution, the communities in which it operates, and its competitors. Examiners reviewed demographic and economic conditions, the institution's major business products and strategies, and its financial condition, capacity, and ability to lend in its communities.

Examiners weighted the bank's performance in the Nashville Metropolitan Statistical Area (MSA) assessment area more heavily than performance in the Memphis MSA assessment area. As shown in Table 1, the majority of the offices (80 percent) and a substantial majority of deposits (90 percent) are derived from the Nashville MSA. Additionally, CSB's lending emphasis and volume of originations since the previous examination support assigning greater weight to the bank's performance in the Nashville MSA assessment area as 77 percent (by number) and 52 percent (by dollar volume) of the bank's small business loans were originated in this assessment area. Examiners performed full scope review procedures for the Nashville MSA and limited scope review procedures for the Memphis MSA.

CSB operates from two separate non-contiguous assessment areas. These areas are defined as the Nashville MSA and the Memphis MSA. The following table summarizes information relative to each assessment area.

<i>Table 1 – Analysis of Assessment Areas</i>					
<i>AA</i>	<i>Branch Offices</i>		<i>Percent of Loans Small Business</i>		<i>Percent of Deposits</i>
	<i>#</i>	<i>%</i>	<i># / %</i>	<i>\$ (000s) / %</i>	
<i>Nashville MSA</i>	4	80	13 / 76.5	2,220 / 51.5	90.4
<i>Memphis MSA</i>	1	20	4 / 23.5	2,087 / 48.5	9.6
<i>Total</i>	5	100	17 / 100	4,307 / 100	100

Source: Small Business Loan Universe (12 month period); Summary of Deposits 6/30/08

DESCRIPTION OF INSTITUTION

Background

Citizens Savings Bank and Trust Company (CSB) is a full service community bank headquartered in Nashville, Tennessee. CSB is wholly-owned by CSB&T Bancorp, a one-bank holding company also headquartered in Nashville, Tennessee.

The bank operates its main office and three branches in Nashville and one branch in Memphis, Tennessee. Additionally, the bank operates four automated teller machines (ATMs) with one at each full-service branch, except the Memphis office and one on the local campus of Meharry Medical College. Each ATM is a cash dispensing only machine. Since the previous CRA Evaluation in April of 2004, the bank has not closed any branch offices. The bank opened one office in Memphis, Shelby County, Tennessee on May 15, 2007.

The main office is located in a low-income census tract; two branch offices are in low-income census tracts; one office is in a middle-income area and the Memphis branch is in an upper-income census tract. Drive through banking is provided only at the main office. Also, Saturday banking is available at the Monroe and Clarksville Highway locations. Other banking services include offering general loan types, a variety of deposit products, ATM cards for non-proprietary machines, online banking, and twenty-four hour telephone banking.

Ability and Capacity

As of December 31, 2008, the bank had total assets of \$68,990,000; total deposits of \$59,165,000; and total loans of \$60,009,000. Major asset categories include loans (87 percent) and securities (8 percent). The remaining five percent of total assets is comprised primarily of cash, premises, and other assets. A breakdown of the loan portfolio by loan type and

corresponding dollar amount is provided in Table 2.

<i>Table 2 – Loan Distribution as of December 31, 2008</i>		
<i>Loan Type</i>	<i>Dollar Amount (000)</i>	<i>Percent of Total Loans</i>
Construction and Land Development	2,612	4.35
Secured by Farmland	0	0.00
1-4 Family Residential	3,864	6.44
Multi-Family (5 or more) Residential	0	0.00
Commercial Real Estate	47,698	79.49
<i>Total Real Estate Loans</i>	<i>54,174</i>	<i>90.28</i>
Commercial and Industrial	1,767	2.94
Agricultural	0	0.00
Consumer	3,987	6.64
Other	81	0.14
<i>Gross Loans</i>	<i>60,009</i>	<i>100.00</i>

Source: Report of Condition – 12/31/2008

CSB is the nation’s oldest operating minority-owned bank, which began operations in 1904. The bank’s primary lending focus is business lending with an emphasis primarily on church loans and servicing the business and personal requirements of organizations and individuals within its targeted market.

CSB supports the development of economic revitalization and growth within the designated assessment areas consistent with its size, financial capacity, location, and local economic conditions. There are no legal or financial impediments that would impact the bank’s performance under the Community Reinvestment Act. CSB received a CRA rating of “Satisfactory” during the previous evaluation dated April 15, 2004.

DESCRIPTION OF ASSESSMENT AREAS

The Community Reinvestment Act (CRA) requires a financial institution to identify one or more assessment areas within which its regulatory agency will evaluate the bank's performance. An institution delineates its assessment area(s) to include the census tracts (CTs) in which the bank has its main office, branches, and other deposit taking remote service facilities, as well as the surrounding CTs in which the bank has originated or purchased loans.

CSB has defined two separate assessment areas: 1) portions of Davidson County within the Nashville, Tennessee MSA, and 2) portions of Shelby County within the Memphis, Tennessee MSA. CSB's assessment areas appear appropriate in relation to the location of the bank's offices and do not arbitrarily exclude any low- or moderate-income areas. The bank's assessment area delineations are in conformance with the regulatory requirements of the Community Reinvestment Act.

Demographic and Economic Information

CSB's assessment areas consist of a number of diverse communities. Table 3 lists the institution's two assessment areas (Nashville, MSA and Memphis MSA) and the related income characteristics for each area, with the number of census tracts in each income category within each of the two assessment areas.

<i>Table 3 – Assessment Area Income and Demographic Information</i>											
<i>Assessment Area</i>	<i>2000 MFI</i>	<i>Census Tract Income Level Designations</i>									
		<i>N/A</i>		<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
Metropolitan Statistical Areas:		#	%	#	%	#	%	#	%	#	%
Nashville, TN MSA	\$51,844	0	0.00	14	25.00	22	39.29	13	23.21	7	12.50
Memphis, TN MSA	\$46,771	3	1.61	41	22.04	51	27.42	35	18.82	56	30.11
Totals		3	1.24	55	22.73	73	30.17	48	19.83	63	26.03

Source: Small Business Loan Universe (12 month period)

Nashville MSA

The bank operates its main office, two full-service branches, and one limited service branch in this assessment area which is comprised of 56 census tracts (geographies). Of the four offices, three are in low-income census tracts and one is in a middle-income census tract. As indicated in Table 3 above, of the 56 geographies, 7 are classified upper-, 13 are middle-, 22 are moderate-income, and 14 are low-income. The area is primarily urban in nature with moderate population growth. The population of the Nashville assessment area (portions of Davidson County) is 180,412 based on the 2000 U.S. Census. The population is comprised of 73,073 households, of which approximately 37 percent of the households are considered low-income and

approximately 20 percent are moderate-income. Of the low-income households, 20 percent are below the poverty level and 6 percent are receiving public assistance income. Retirees comprise 13 percent of the households and those on social security include 23 percent of the households in the assessment area.

The Nashville MSA's economy is sinking deeper into recession as businesses reduce production and payroll, and downsizing in the automotive industry erases any chance manufacturing has of stabilizing in the near future. During the past year, educational and health services have shown modest increases in employment; however, these increases have been partially offset by declines in other sectors. The overall unemployment levels have been rising rapidly since 2007 with significant escalation from early 2008 to present. From its peak in late spring of 2008, the labor force has continued to decline, which suggests weaker population growth and the lack of opportunities in the labor market.

Annual average unemployment rates have trended upward in recent years. A sharp increase in 2008 is continuing into 2009 as reflected in the February monthly unemployment rates which are significantly higher than the annual averages for the preceding year. Although the annual averages are increasing for Davidson County and the Nashville MSA, the 2008 averages are lower than averages for the State of Tennessee and the United States. Additional information is provided in Table 4 below:

<i>Table 4 – Unemployment Rates*</i>					
<i>Area</i>	February 2009	2008	2007	2006	2005
<i>Davidson County</i>	7.5%	5.2%	4.0%	4.2%	4.5%
<i>Nashville MSA</i>	8.3%	5.5%	4.1%	4.2%	4.5%
<i>State of Tennessee</i>	9.0%	6.4%	4.8%	5.2%	5.6%
<i>United States</i>	8.1%	5.8%	4.6%	4.6%	5.1%

**Source: Tennessee Department of Labor and Workforce Development- Annual Averages*

Major employers in Davidson County include the Vanderbilt Medical Center, Hospital Corporation of America, Inc., Gaylord Opryland Resort, St. Thomas Hospital, and Baptist Hospital.

CSB has a high level of competition from other financial institutions operating within the Nashville assessment area. There are 26 other institutions in the market with 207 offices. Additionally, there are mortgage and finance companies that compete for lending business in this assessment area. According to the Summary of Deposits Reports, as of June 30, 2008, CSB ranks number 20th in deposit market share and manages 0.35 percent of all deposits in the assessment area.

Memphis MSA

CSB has selected portions of Shelby County in the Memphis, TN MSA as one of its assessment areas. The bank operates one full service branch office in this AA, which is located in an upper-income census tract. The area consists of 186 census tracts: 56 upper-, 35 middle-, 51 moderate-, 41 low-income, and 3 tracts do not have an income designation. LMI tracts represent 49 percent of the total assessment area census tracts.

The total population of the assessment area from the 2000 U.S. Census is 723,809. The population is comprised of 278,090 households, of which 39 percent are located within the LMI tracts. Census data also reflects that 40 percent of the families residing in the assessment area are considered to be LMI with approximately 14 percent of the families living below the poverty level.

The Memphis MSA is predominantly urban in nature. Economic expansion is tenuous given job losses in the transportation and leisure industries during early 2007. Outside of these two industries, employment in most of the MSA's other industries has been relatively flat during 2007. During the past 4 years, the average unemployment rates in the Memphis MSA have consistently been slightly above the State and National averages. Table 5 shown below provides details on unemployment rates.

<i>Table 5 – Unemployment Rates*</i>					
<i>Area</i>	February 2009	2008	2007	2006	2005
<i>Shelby County</i>	8.5%	6.7%	5.2%	5.7%	6.2%
<i>Memphis MSA</i>	8.9%	6.7%	5.2%	5.6%	6.1%
<i>State of Tennessee</i>	9.0%	6.4%	4.8%	5.2%	5.6%
<i>United States</i>	8.1%	5.8%	4.6%	4.6%	5.1%

**Source: Tennessee Department of Labor and Workforce Development-Annual Averages*

CSB has a high level of competition from other financial institutions operating within the Memphis assessment area. There are 35 other institutions in the market with 264 offices. Additionally, there are mortgage and finance companies that compete for lending business in this assessment area. According to the Summary of Deposits Reports, as of June 30, 2008, CSB ranks 34th in deposit market share and manages less than one percent of all deposits in the assessment area.

Since this evaluation focuses on the bank's performance relative to small business lending, the median family income (MFI) ranges typically presented in the CRA Performance Evaluation for borrower profile conclusions are omitted since they are not relevant. However, the 2000 MFI figures for the Nashville MSA and Memphis MSA, \$51,844 and \$46,771, respectively, are

detailed as those figures are used for the geographic distribution analysis of small business lending. Information on how each income level is derived is provided in Table 6.

<i>Table 6 – 2000 Median Family Income Ranges for the Nashville and Memphis MSA Assessment Areas</i>			
<i>Income Level</i>	<i>Percent of MFI</i>	<i>Nashville MSA</i>	<i>Memphis MSA</i>
<i>Low</i>	Less than 50%	Under \$25,922	Under \$23,386
<i>Moderate</i>	50% to < 80%	\$25,922 to <\$41,475	\$23,386 to < \$37,417
<i>Middle</i>	80% to < 120%	\$41,475 to <\$62,213	\$37,417 to < \$56,125
<i>Upper</i>	120% or more	\$62,213 or more	\$56,125 or more

Source: Department of Housing and Urban Development

Community Contact

One community contact was conducted during the examination to help determine the credit needs of the bank's assessment areas. The selected contact focused primarily on the Davidson County area. The contact stated that primarily the larger banks with offices in the county are involved to some degree in economic and minority development efforts.

As with the rest of the U.S. economy in 2009, the county is in a declining economy. However, the contact indicated the Nashville economy is stronger than many other areas of the country. Falling retail sales have led to a significant decrease in sales tax revenues. The major industries are music, publishing, and education which have not been as significantly impacted by the current recession to the same extent as other industries. The contact stated that credit has tightened and expressed concern that lower-income individuals with previous credit problems have resorted to a cash-based economy due to the inability to obtain bank accounts. In Nashville, many opportunities exist to provide construction financing for non-profit community development housing organizations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE

Lending in the Assessment Areas

CSB demonstrated an adequate practice of lending to borrowers within the bank's assessment areas. As shown in Table 7 below, 58.6 percent of the number and 50.8 percent of the dollar volume of small business loans were originated within the bank's assessment areas. A majority by both number and dollar volume were granted within the assessment areas, which reflects adequate performance. Examiners considered the institution's size and office structure relative to the assessment areas' size and credit needs when arriving at this conclusion.

<i>Table 7 – Distribution of Loans Inside and Outside of Assessment Areas</i>										
<i>Loan Category</i>	<i>Number of Loans</i>					<i>Dollar Volume of Loans</i>				
	<i>Inside</i>		<i>Outside</i>		<i>Total</i>	<i>Inside</i>		<i>Outside</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>\$ (000s)</i>	<i>%</i>	<i>\$ (000s)</i>	<i>%</i>	<i>\$ (000s)</i>
<i>Small Business</i>	17	58.6	12	41.4	29	4,307	50.8	4,165	49.2	8,472

Source: Small Business Loan Universe (12 month period)

Of the 29 loans originated in the last twelve months, 17 loans were originated within the assessment areas, with 13 loans being derived from the Nashville MSA and 4 from the Memphis MSA.

Loan-to-Deposit Ratio

CSB's average net loan-to-deposit (LTD) ratio reflects satisfactory responsiveness to the assessment areas' credit needs given its size, financial condition, and assessment areas' credit needs. The LTD average is 88 percent for the 19 quarter-ends since the previous CRA Public Evaluation as of April 15, 2004.

Net loans at CSB have steadily increased from \$38,475,000 on June 30, 2004, to a high of \$59,345,000 on December 31, 2008. For the same time period, deposits steadily rose until March 31, 2008; after which deposits fluctuated until present. Overall, deposits increased from \$46,817,000 to \$59,165,000.

To help assess the bank's performance, examiners reviewed the average net LTD ratio for other banks. Three similarly situated institutions operating within the bank's assessment areas share comparable loan portfolios and are fairly similar in size. The similarly situated banks included in this analysis are Tri-State Bank of Memphis, Memphis, Tennessee; InsBank, Nashville, Tennessee; and Civic Bank & Trust, Nashville, Tennessee. The bank's Uniform Bank Performance Report (UBPR) Peer Group 8, which consists of comparable banks with assets between \$50 million and \$100 million in a metro area with three or more full service offices, is used as an additional comparative resource.

Table 8 depicts the average net LTD ratios for similarly situated financial institutions detailed in the above paragraph. The bank's level of lending reflects satisfactory performance.

<i>Table 8 - Comparison of Average Loan-to-Deposit Ratios</i>		
<i>Bank Name</i>	<i>Total Assets December 31, 2008 (000's)</i>	<i>Average Loan-to-Deposit Ratio 06/30/2004 – 12/31/2008</i>
Citizens Savings Bank and Trust Company	\$68,990	87.7%
<i>Comparable Banks:</i>		
Tri-State Bank of Memphis	\$ 119,722	67.03%
InsBank	\$138,594	114.31%
Civic Bank & Trust	\$123,647	98.67%
UBPR Peer Group 8	\$50,000 - \$100,000	76.98%

Source: Uniform Bank Performance Report (19 quarter average)

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE NASHVILLE MSA

Based on the bank's lending focus, the evaluation of its lending performance was based on the review of small business lending for the most recent twelve months ending April 30, 2009. The bank has demonstrated satisfactory overall performance in the Nashville MSA Assessment Area. This conclusion is based on the bank's performance illustrated by a reasonable practice of lending to small businesses of different sizes and excellent geographic distribution of loans throughout the assessment area.

Borrower Profile

Management demonstrated satisfactory performance in meeting the credit needs of small businesses in the assessment area. Small business loans, by definition, are those loans in amounts of \$1 million or less. Examiners focused on the bank's percentage of loans to businesses with gross annual revenue of \$1 million or less relative to area demographics when arriving at this conclusion. The bank's lending to small businesses is reasonable compared to the available demographic data during the review period. Business demographic data is obtained from D & B (formerly Dun and Bradstreet) Corporation, which provides a breakdown of the number of businesses surveyed in the assessment area that reported gross annual revenues and assigns each business into a specific revenue category. Gross revenue information for the bank's loans was obtained from a review of loan files. If revenues were not relied upon in making the credit decision, income (revenues) is reflected as NA. Of the bank's 17 loans originated in this assessment area, three loans were secured by certificates of deposit, so the revenues of the businesses were not considered in granting the loan. As stated previously, the bank's has a niche target market which focuses on lending to churches and organizations.

Small Business Loans

Overall, CSB's lending to businesses of different sizes is reasonable in this assessment area. As presented below, 77 percent by number of the bank's small business loans in the assessment area were to businesses with gross annual revenue of \$1 million or less. This level of lending reflects satisfactory performance in comparison to the business demographics of the assessment area. However, it was noted that the bank's distribution in the smaller revenue categories was lower than the comparison data.

<i>Table 9 – Distribution of Small Business Loans by Gross Annual Revenue of Businesses Inside the Nashville MSA Assessment Area</i>					
<i>Gross Annual Revenue (000)</i>	<i>Percent of Businesses</i>	<i>Citizens Savings Bank and Trust</i>			
		<i>Number of Loans</i>		<i>Dollar Volume (000)</i>	
		<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>
<i>Less than \$100,000</i>	41.2	2	15.4	152	6.8
<i>\$100,000 to \$249,000</i>	29.2	2	15.4	455	20.5
<i>\$250,000 to ≤\$1,000,000</i>	18.8	6	46.1	1,248	56.2
<i>Subtotal</i>	<i>89.2</i>	<i>10</i>	<i>76.9</i>	<i>1,855</i>	<i>83.6</i>
<i>Greater than \$1,000,000</i>	10.8	0	0	0	0
<i>Revenue NA</i>	0	3	23.1	365	16.4
<i>Total</i>	<i>100</i>	<i>13</i>	<i>100</i>	<i>2,220</i>	<i>100</i>

Source: Small Business Loan Universe (12 month period) and D&B

Geographic Distribution of Lending

Overall, CSB's geographic distribution of lending in this assessment area is excellent. Examiners analyze performance under this criterion to determine if the bank is lending throughout its assessment area including the low- or moderate-income geographies. Census tract income-levels are based on data from the 2000 U.S. Census. Performance in this factor emphasizes the institution's distribution of loans in low- and moderate-income geographies. This factor considers only those loans granted within the assessment area.

Small Business Loans

The bank's geographic distribution of small business loans reflects an excellent record of geographically distributing small business loans within its 14 low-income and 22 moderate-income census tracts when compared to the percent of businesses located within these tracts. As Table 10 on the following page indicates, 25 percent of the census tracts are considered low-

income; and 39.3 percent are moderate-income census tracts within the bank's Nashville MSA assessment area, which is comprised of portions of Davidson County. The bank's percentage of small business loans by number (46.2 percent) is substantially higher than the percentage of businesses within the low-income census tracts (14.7 percent) demonstrating outstanding performance. Small business lending in the moderate-income tracts is slightly higher by number (46.2 percent) and significantly higher by dollar volume (77.8 percent) than the percentage of businesses located in these tracts (42.3 percent). The bank's excellent penetration in low- or moderate-income geographies is attributed to its niche small business lending focus, its concentration of offices located in low- or moderate-income geographies, and the bank's focus on serving the credit needs of these geographies.

Table 10 – Geographic Distribution of Small Business Loans by Census Tract Income Level Inside the Nashville MSA						
Tract Income Level	Percent of Census Tracts	Percent of Businesses	Citizens Savings Bank and Trust			
			#	%	\$(000)	%
<i>Low</i>	25.0	14.7	6	46.2	194	8.7
<i>Moderate</i>	39.3	42.3	6	46.2	1,726	77.8
<i>Middle</i>	23.2	29.1	0	0	0	0
<i>Upper</i>	12.5	13.9	1	7.6	300	13.5
Total	100.0	100.0	13	100	2,220	100

Source: Small Business Loan Universe (12 month period), 2000 U. S. Census, and D&B

CONCLUSIONS WITH RESPECT TO PERFORMANCE IN THE MEMPHIS MSA (*Limited-Scope Review*)

The bank's performance under the lending test in this assessment area is satisfactory. The institution's lending performance in this assessment area is generally consistent with the institution's performance overall. This assessment area accounted for 48.5 percent of the small business loans sampled by dollar volume but only 23.5 percent by number in the past year. However, these percentages are comprised of only four loans totaling \$2,086,509; therefore statistically valid conclusions could not be drawn due to the nominal number of loans.

Nonetheless, based on the nominal number of loans originated in the 12-month time period in this assessment area, lending to businesses of different sizes and borrowers of different income levels reflected satisfactory performance and the geographic distribution of lending in low- or moderate- income geographies reflected excellent performance with all four originations in the located in these geographies. Overall, small business lending depicted satisfactory performance.

Response to Complaints

Citizens Savings Bank and Trust Company has not received any CRA-related complaints since the last CRA evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

A review of the bank's policy guidelines and underwriting standards was conducted to verify compliance with fair lending laws and regulations. No evidence of discriminatory credit practices inconsistent with helping to meet community credit needs was identified. However, a significant violation of Section 5 of the Federal Trade Commission Act (FTC Act) was cited. The violation pertained to a deceptive advertising practice with regard to a consumer automobile refinance program. Consistent with the CRA regulation, illegal credit practices must be considered when arriving at the bank's final CRA rating. Factors considered to determine the impact on the rating were: the nature and extent of the violations; policies and procedures in place to prevent the practice; corrective action by the institution (taken and/or committed to take); and other relevant information. The loan program was discontinued in the fourth quarter of 2008. Nonetheless, management has committed to making appropriate preventative changes in internal control systems to prevent these type violations in the future. As a result, this violation did not have an adverse affect on the bank's CRA rating.

APPENDIX A - GENERAL DEFINITIONS

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

Rural Area: Territories, populations and housing units that are not classified as urban.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.